KOUGA MUNICIPALITY (EC108)

PORTFOLIO COMMITTEE MEETING

FINANCE

MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2018 TO FEBRUARY 2019 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 28 FEBRUARY 2019 (2018/19 FINANCIAL YEAR)

1. Purpose

This report is submitted in compliance with Section 71(1) of the Municipal Finance Management Act (MFMA) and the Municipal Budget and Reporting Regulations (MBRR).

2. Legislative Requirements

The Municipality is required to assess on an ongoing basis whether it collects sufficient revenue to meet its commitments, such as paying Employees, Councillors, Eskom, Nelson Mandela Bay Municipality, service providers etc.

In accordance with Section 71(1) of the MFMA, the Accounting officer must by no later than 10 working days after the end of each month, submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget.

In accordance with regulation 28 of the MBRR, the monthly budget statements of a municipality must be in the format specified in Schedule C.

3. Executive Summary

This report provides a balanced and consolidated financial performance overview to assist the Executive Mayor in his oversight role.

An analysis of the financial position and performance was undertaken to determine the relative financial strength and liquidity of the Municipality. This was complemented by analysing the cash flow position, the investment portfolio, ratios, the operating and capital budget performance for the period July 2018 to February 2019, so as to facilitate an informed assessment of the relative liquidity and financial position of the Municipality.

The financial performance highlights are as follows:

- Operating revenue amounted to R 556,116 million, whilst operating expenditure amounted to R 486,855 million, resulting in an operating surplus of R 69,261 million.
- Capital expenditure constituted 17,69% of the 2018/19 Adjusted Capital Budget.
- Overdue consumer debts increased by R 23,661 million (18,92%) since June 2018.
- An amount of R 70,138 million is owing to creditors, of which R 11,479 million (16,37%) represents current creditors. Currently all outstanding creditors are not reflected on the creditors age analysis.

- The municipality's investment portfolio has increased by R 78,532,001 (83,27%) since June 2018, from R 94,314,704 to R 172,846,704.

The following key financial ratios are monitored on an on-going basis:

Ratio	Actuals as at 30 June 2016	Actuals as at 30 June 2017	Actuals as at 30 June 2018	Actuals as at 28 February 2018	Actuals as at 28 February 2019	Approved Budget 2018/19
Current Ratio	0.85:1	0.97:1	1.11:1	1.29:1	1.56:1	0.98:1
Liquidity Ratio	0.40:1	0.47:1	0.52:1	0.87:1	1.12:1	0.40:1
Cost Coverage (Excluding unspent conditional grants)	1.60 months	1.62 months	1.72 months	2.39 months	3 months	0.95 months
Debtors Collection Rate	97.60%	95.81%	90.73%	85.73%	95,05%	94%
Capital Expenditure	81.97%	72.92%	72.98%	32.30%	17,69%	95%

4. Detailed Reports

In order to comply with Schedule C of the Municipal Budget and Reporting Regulations, the following detailed schedules are attached for the period, ending 28 February 2019:

Annexure "A1" – Operating Revenue and Expenditure Performance

Annexure "A2" - Capital Budget Performance

Annexure "A3"- Projected Cash Flow Statement

Annexure "A4" – Municipal Monthly Budget Tables

Annexure "A5"- Analysis of Municipality's Statement of Financial Performance

i. Overview of Outstanding Consumer Debtors
ii. Overview of Creditors position
iii. Investment portfolio
iv. Grants receipts and Expenditure
v. Councillors & Employee benefits
vi. Key performance Indicators

5. RECOMMENDATION

I. That the Executive Mayor notes the Municipal Manager's report on the monthly budget statements, in accordance with Section 71(1) of the Municipal Finance Management Act.
II. That the monthly budget statements accordingly be submitted to Provincial Treasury as stipulated in Section 71(1) of the MFMA.

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Mr. Charl Du Plessis (Municipal Manager)

Acknowledgement of section 71 reports by the Executive Mayor for the period July 2018 to February 2019.

I hereby acknowledge the receipt of section 71 report in terms of the Municipal Finance Management Act No. 56 of 2003.

H. BOTSWANA: SPEAKER

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Executive Mayor

6. Municipal Manager's Quality Certificate

I, Charl Du Plessis, Municipal Manager of Kouga Local Municipality, hereby certify that the monthly budget statements have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the monthly budget statements are consistent with the Integrated Development Plan of the municipality.

Print Name ____Charl Du Plessis_____

Municipal Manager of Kouga Local Municipality

Signature _____

Date 13/03/2019

Annexure "A1"

OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE PERIOD 1 JULY 2018 TO 28 FEBRUARY 2019

Below is an analysis of the operating revenue and expenditure performance

Description	Budget Year 2018/19		
	Original Budget	Actuals as at 28 February 2019	%
R thousands			
Revenue By Source			
Property rates	176 766	142 755	80.76%
Service charges - electricity revenue	247 165	167 672	67.84%
Service charges - water revenue	67 702	50 831	75.08%
Service charges - sanitation revenue	41 658	30 715	73.73%
Service charges - refuse revenue	43 571	35 373	81.18%
Rental of facilities and equipment	1 881	346	18.40%
Interest earned - external investments	7 561	6 097	80.64%
Interest earned - outstanding debtors	14 986	5 042	33.65%
Fines, penalties and forfeits	4 230	4 110	97.15%
Licences and permits	16 661	15 723	94.36%
Transfers and subsidies	123 618	90 971	73.59%
Other revenue	7 917	6 481	81.86%
Total Revenue (excluding capital transfers and contributions)	**753 717**	**556 116**	**73.78%**
Expenditure By Type			
Employee related costs	272 802	181 823	66.65%
Remuneration of councillors	12 784	8 076	63.17%
Debt impairment	41 429	–	0.00%
Depreciation & asset impairment	75 357	49 036	65.07%
Finance charges	3 021	4 270	141.35%
Bulk purchases	241 476	148 568	61.53%
Other materials	28 458	17 068	59.98%
Contracted services	45 111	26 405	58.53%
Other expenditure	76 346	51 609	67.60%
Total Expenditure	**796 785**	**486 855**	61.10%
Surplus/(Deficit)	**(43 068)**	**69 261**	

The statement of financial performance indicates a surplus of R 69,261 million.

Below is a discussion of the significant revenue and expenditure variations:

Revenue Variations

Property Rates

As at 28 February 2019, the Municipality has recognised 80,76% of its property rates revenue, compared to the budget. This is influenced by annual property rates raised in July 2018, amounting to R 79,540 million.

Service Charges – Refuse revenue

the refuse revenue includes the Environmental Management Fee (EMF) and the revenue is higher than anticipated from refuse removal.

Rental of Facilities and Equipment

This relates to the rental of municipal buildings, community halls and other municipal facilities. The revenue is influenced by the extent of rental agreements.

Interest Earned – External Investments

Interest earnings are influenced by the extent of the municipality's investment portfolio.

Interest Earned – Outstanding Debtors

Interest is influenced by the extent of outstanding debtors. The actual overdue debtors as at 28 February 2019 amounted to R 148,725 million.

Fines, penalties and forfeits

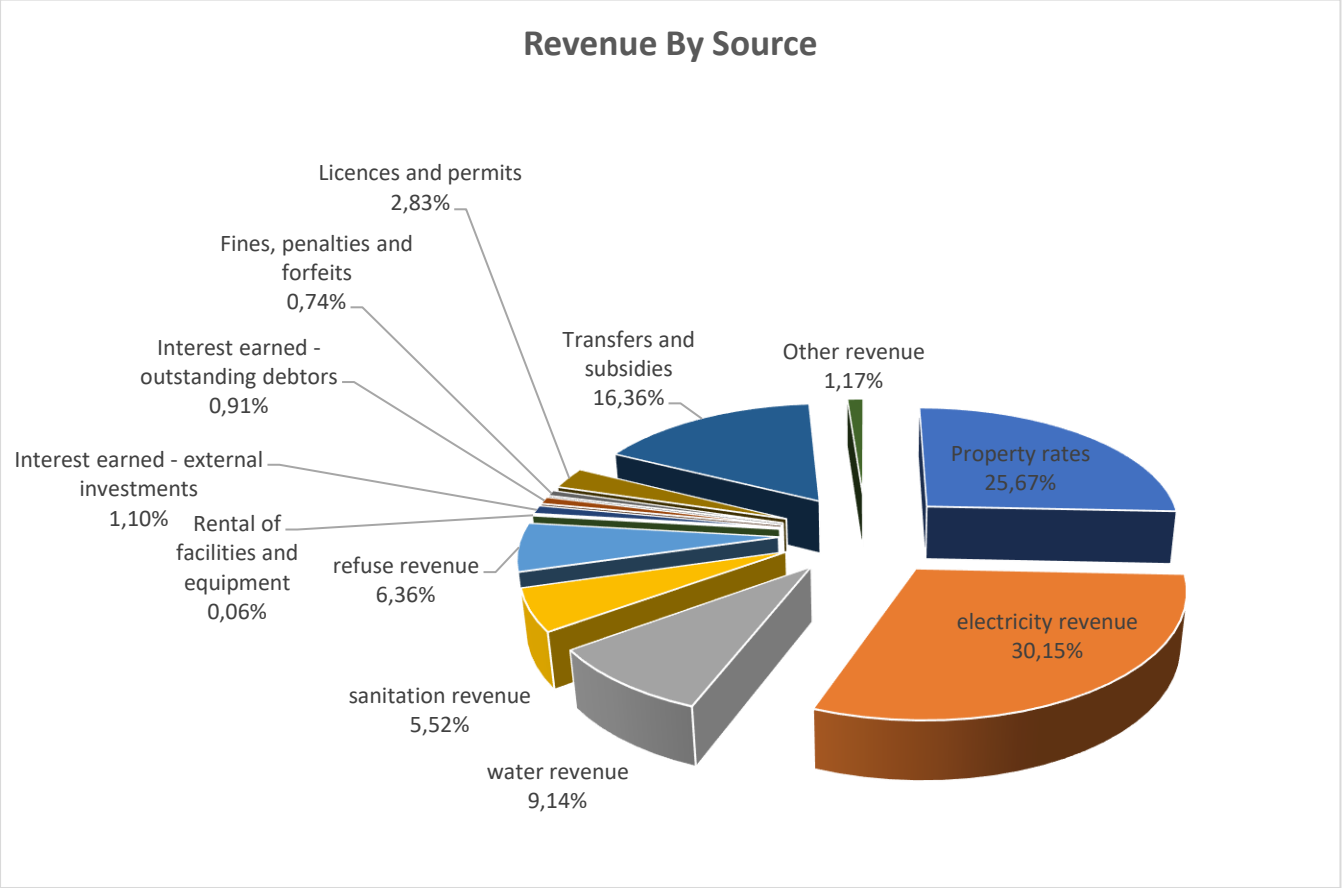
Fines, penalties and forfeits are largely influenced by a higher than anticipated revenue from traffic fines.

Licences and permits

Licences and permits are largely influenced by a higher than anticipated revenue from vehicle licences.

Other revenue

Other revenue is largely influenced by a higher than anticipated revenue from rates clearance certificates and building related fees.



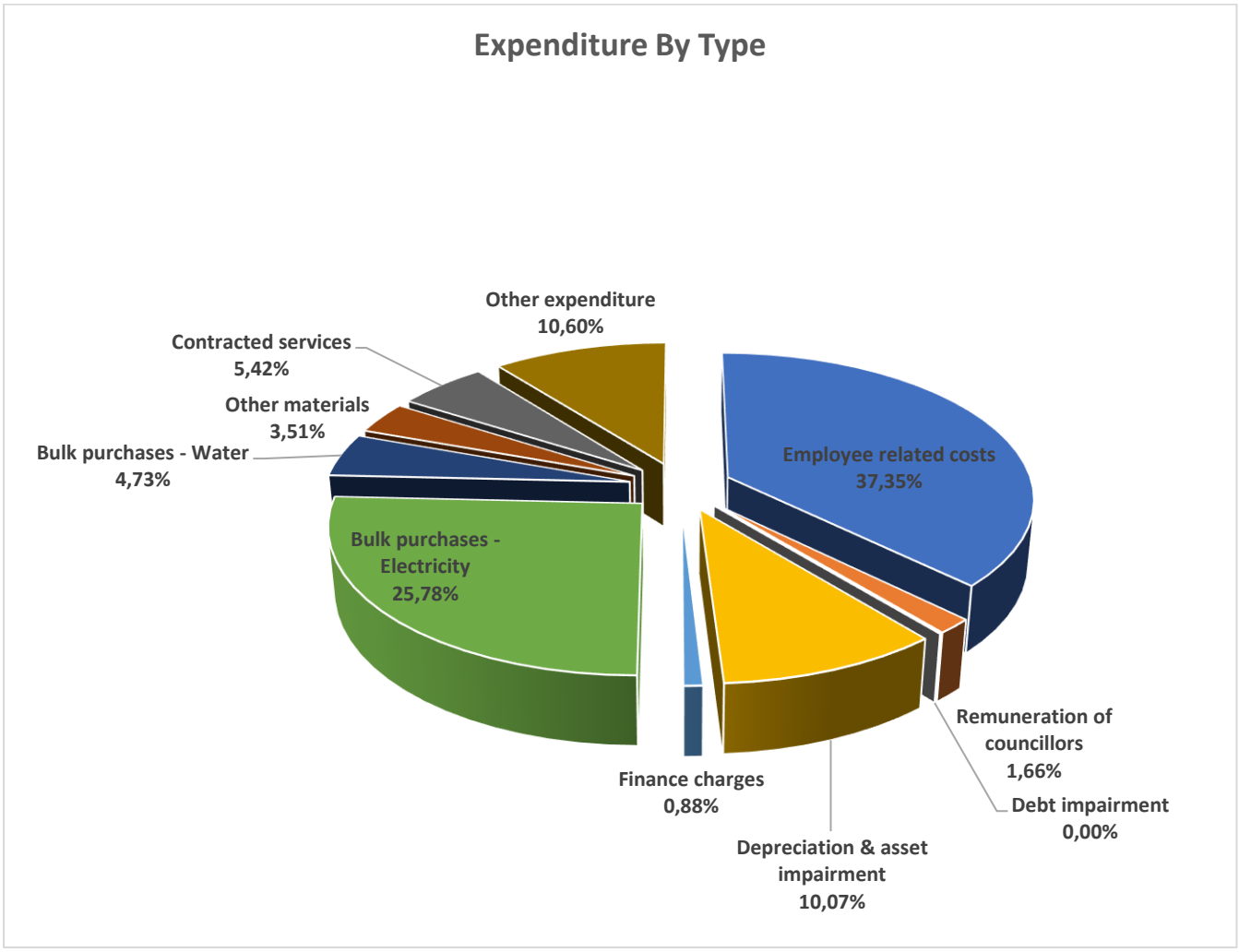
Expenditure Variations

Bad Debts

Bad debts are written off upon Council approval.

Finance Charges

Finance charges relate to the interest paid on long-term liabilities, in line with the loan repayment schedules.


Expenditure By Type
Other expenditure
10,60%
Contracted services
5,42%
Other materials
3,51%
Bulk purchases - Water
4,73%
Bulk purchases -
Electricity
25,78%
Employee related costs
37,35%
Remuneration of
councillors
1,66%
Debt impairment
0,00%
Depreciation & asset
impairment
10,07%
Finance charges
0,88%

Repairs and Maintenance

Below is an analysis of actual repairs and maintenance expenditure by Directorate, compared to the approved 2018/19 Budget.

Item Description	Approved Budget 2018/19	Amended Budget 2018/19	Actuals as at 28 February 2019	% of Budget
Executive & Council				
Contracted Services:Maintenance of Vehicles	10 000	10 000	450	4.50%
	10 000	**10 000**	**450**	**4.50%**
Corporate Services				
Contracted Services:Maintenance of Buildings and Facilities	300 000	300 000	45 514	15.17%
Contracted Services:Maintenance of Vehicles	35 000	35 000	-	0.00%
	335 000	**335 000**	**45 514**	**13.59%**
Finance				
Contracted Services:Maintenance of Buildings and Facilities	370 000	391 200	62 841	16.06%
Expenditure:Contracted Services:Contractors:Maintenance of Vehicles	90 000	90 000	14 999	16.67%
Inventory Consumed:Materials and Supplies	165 000	165 000	2 529	1.53%
	625 000	**646 200**	**80 369**	**12.44%**
Community Services				
Contracted Services:Maintenance of Buildings and Facilities	870 000	2 186 750	1 954 876	89.40%
Contracted Services:Maintenance of Vehicles	3 443 000	4 983 000	3 136 019	62.93%
Contracted Services:Maintenance of Equipment	122 400	122 400	62 246	50.85%
Inventory Consumed:Materials and Supplies	1 049 625	1 104 625	868 936	78.66%
Operational Cost:Rental of Machinery and Equipment	2 000 000	2 000 000	1 276 700	63.83%
	7 485 025	**10 396 775**	**7 298 777**	**70.20%**
Planning, Development & Tourism				
Inventory Consumed:Materials and Supplies	50 000	50 000	39 403	78.81%
Contracted Services:Maintenance of Vehicles	20 000	20 000	1 728	8.64%
	70 000	**70 000**	**41 130**	**58.76%**
Infrastructure & Engineering				
Contracted Services:Maintenance of Equipment	226 000	226 000	99 646	44.09%
Contracted Services:Maintenance of Buildings and Facilities	85 193	175 193	160 021	91.34%
Contracted Services:Maintenance of Vehicles	12 524 000	13 167 000	6 720 989	51.04%
Inventory Consumed:Materials and Supplies	12 695 000	11 561 000	6 200 299	53.63%
Operational Cost:Rental of Machinery and Equipment	3 010 435	2 210 435	1 293 356	58.51%
	28 540 628	**27 339 628**	**14 474 312**	**52.94%**
Total	**37 065 653**	**38 797 603**	**21 940 552**	**56.55%**

It is to be noted that actual repairs and maintenance expenditure constituted 56,55% of the 2018/19 Adjusted Budget.

CAPITAL BUDGET PERFORMANCE

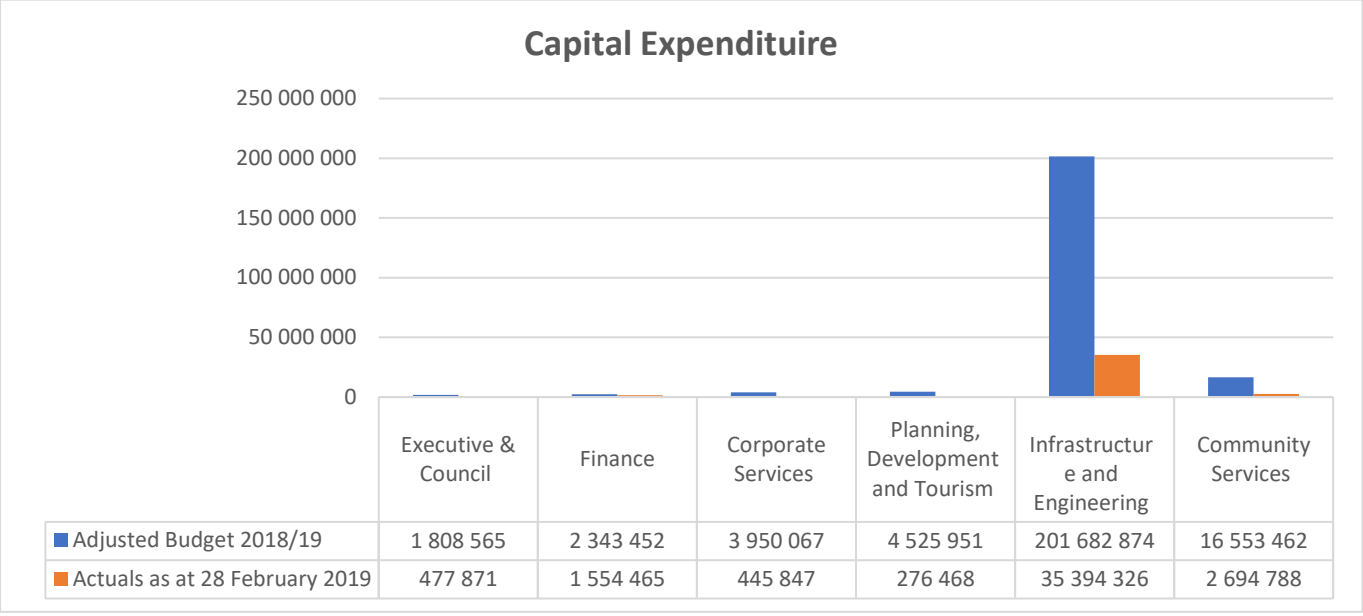
Below is an analysis of the capital expenditure compared to the 2018/19 Adjusted Capital Budget.

PROJECTS	Funding Source	Original Budget 2018/19	Approved Rollovers	Approved Virements	Amended Budget 2018/19	Actuals as at 28 February 2019	% of Budget
CORPORATE SERVICES							
Computer Equipment	Internal	157 000	48 789	- 83 387	122 402	116 707	95.35%
Furniture and Equipment	Internal	2 000	364 395	83 388	449 783	42 255	9.39%
Library upgrade (phase 2)	Internal	500 000	745 400	-	1 245 400	207 076	16.63%
EDMS	Internal	-	400 000	- 40 506	359 494	-	0.00%
Main Office Building Upgrade	Internal	300 000	47 254	- 0	347 254	26 765	7.71%
Computer Software and Applications	Internal	600 000		-	600 000	53 043	8.84%
UPGRADE COMMUNITY CENTER WARD 14	Internal	-	75 734	-	75 734	-	0.00%
PABX UPGRADE	Internal	750 000		-	750 000	-	0.00%
		2 309 000	**1 681 573**	**- 40 506**	**3 950 067**	**445 847**	**11.29%**
EXECUTIVE & COUNCIL							
Computer Equipment	Internal	110 000		- 11 769	98 231	90 336	91.96%
Furniture and Equipment	Internal	75 000	145 830	52 275	273 105	246 592	90.29%
Wards Capital Programmes	Internal	750 000	687 229	- 0	1 437 229	140 943	9.81%
		935 000	**833 060**	**40 505**	**1 808 565**	**477 871**	**26.42%**
FINANCE							
Furniture and Equipment	Internal	115 700		66 400	182 100	74 994	41.18%
Computer Equipment	Internal	1 391 200	202 730	- 902 952	690 978	174 609	25.27%
IT Server	Internal	-		533 822	533 822	644 106	120.66%
Office upgrade ICT	Internal	-	100 000	100 000	200 000	16 650	8.33%
Disaster Recovery Server	FMG	-	533 822	202 730	736 552	644 106	87.45%
		1 506 900	**836 552**	**0**	**2 343 452**	**1 554 465**	**66.33%**
PLANNING, DEVELOPMENT & TOURISM							
Computer Software and Applications	Internal	700 000		-	700 000	49 000	7.00%
Computer Equipment	Internal	60 000		-	60 000	54 821	91.37%
Upgrading of Kouga Cultural Centre	Internal	1 000 000		-	1 000 000	150 000	15.00%
Furniture and equipment	Internal	200 000		-	200 000	22 647	11.32%
Informal Traders - Building	MIG	1 220 951		-	1 220 951	-	0.00%
Land acquisition housing projects	Internal	1 000 000		-	1 000 000	-	0.00%
Machinery and Equipment	Internal	30 000		-	30 000	-	0.00%
Arts and Creative Industries	DISTRICT	-	250 000	-	250 000	-	0.00%
Lowrie Flower Project	DEDEAT	-	65 000	-	65 000	-	0.00%
		4 210 951	**315 000**	**-**	**4 525 951**	**276 468**	**6.11%**
COMMUNITY SERVICES						-	
Fencing of caravan parks & camping sites	Internal	500 000		-	500 000	52 010	10.40%
Fencing of Sport and Recreational Facilities	Internal	500 000		-	500 000	-	0.00%
Machinery and Equipment	Internal	844 010		140 000	984 010	342 567	34.81%
Computer Equipment	Internal	160 000		- 50 000	110 000	56 318	51.20%
Security Cameras	Internal	150 000		- 150 000	-	-	
Vehicle	Internal	4 000 000	1 850 000	-	5 850 000	2 111 880	36.10%
Furniture and Equipment	Internal	70 000		-	70 000	22 571	32.24%
Wheelie Bins	Internal	1 000 000	500 000	-	1 500 000	-	0.00%
Life Gaurds Beach Tower	Internal	250 000		-	250 000	26 400	10.56%
Upgrading of Sports Facilities	MIG	3 864 352		-	3 864 352	-	0.00%
Fencing of Hankey Fire Station	Internal	200 000		-	200 000	-	0.00%
Fencing of existing cemeteries	Internal	500 000		-	500 000	24 739	4.95%
Weston Library Upgrade	Internal	100 000		-	100 000	-	0.00%
Table and Chairs-Community Facilities	Internal	100 000		60 000	160 000	58 304	36.44%
Machinery and Equipment	DISTRICT	-	265 100	-	265 100	-	0.00%
Vehicle	DISTRICT	-	1 700 000	-	1 700 000	-	0.00%
		12 238 362	**4 315 100**	**-**	**16 553 462**	**2 694 788**	**16.28%**

PROJECTS	Funding Source	Original Budget 2018/19	Approved Rollovers	Approved Virements	Amended Budget 2018/19	Actuals as at 28 February 2019	% of Budget
INFRASTRUCTURE & ENGINEERING							
Furniture and Equipment	Internal	198 000		- 43 000	155 000	41 734	26.93%
Computer Equipment	Internal	35 000		67 000	102 000	88 418	86.68%
Machinery and Equipment	Internal	415 000		- 24 000	391 000	172 499	44.12%
Fencing of Jeffreys Bay and Kruisfontein Reservoir	Internal	900 000		- 900 000	-	-	
upgrading of infrastructure for new township establishment	Internal	500 000		-	500 000	232 153	46.43%
Vehicles	Internal	2 500 000	3 910 264	-	6 410 264	3 124 795	48.75%
MV Networks Capital	INEP	8 869 565		-	8 869 565	400 122	4.51%
New overheadlines 66kv overheadlines(Jbay to Melkhout)	Internal	3 000 000		-	3 000 000	1 922 729	64.09%
Jeffreys Bay- North Bulk main outfall sewer-area north of R102	Internal	1 200 000		-	1 200 000	-	0.00%
WATER CONSERVATION AND DEMAND MANAGEMENT	WSIG_NT	-	15 550 000	-	15 550 000	3 217 379	20.69%
RETICULATION REPLACE PIPELINES (PATENSIE)	WSIG_NT	-	10 500 000	-	10 500 000	182 413	1.74%
RETICULATION REPLACE PIPELINES (OYSTER BAY)	WSIG_NT	-	450 000	-	450 000	79 747	17.72%
Upgrading of the Sea Vista Wastewater Treatment Works	MIG	18 503 132		-	18 503 132	14 611 293	78.97%
Humansdorp - Upgrade Kruisfontein Waste Water Treatment Works	MIG	2 173 913		-	2 173 913	2 092 074	96.24%
Computer Equipment	MIG	50 000		-	50 000	33 759	67.52%
RETICULATION REPLACE PIPELINES (HANKEY)	WSIG_NT	-	11 000 000	-	11 000 000	192 274	1.75%
Illegal electricity connections (LV Network)	Internal	1 000 000		-	1 000 000	312 794	31.28%
Fencing: New x Loerie Sewer pump station	Internal	900 000		- 900 000	-	-	
CAPE ST FRANCIS WATER SUPPLY	WSIG_DWS	-	5 910 000	-	5 910 000	392 729	6.65%
DEVELOP NATURAL SPRINGS AND CONVEYANCE (HUMANSDORP	WSIG_NT	-	20 000 000	-	20 000 000	368 370	1.84%
HANKEY WATER SUPPLY	WSIG_DWS	-	33 179 000	-	33 179 000	1 937 406	5.84%
HUMANSDORP WATER SUPPLY	WSIG_DWS	-	5 427 000	-	5 427 000	2 405 138	44.32%
Water Infrastructure Boreholes	Internal	1 500 000		3 800 000	5 300 000	464 230	8.76%
Roads Upgrade	Internal	2 500 000		-	2 500 000	252 613	10.10%
REFURBISH AND UPGRADE WATER TREATMENT WORKS (JEFFR	WSIG_NT	-	35 000 000	-	35 000 000	565 789	1.62%
PATENSIE WATER SUPPLY	WSIG_DWS	-	8 401 000	-	8 401 000	49 540	0.59%
JEFFREYS BAY WATER SUPPLY	WSIG_DWS	-	4 500 000	-	4 500 000	1 841 465	40.92%
OYSTER BAY WATER SUPPLY	WSIG_DWS	-	1 311 000	-	1 311 000	412 861	31.49%
Bucket Eradication Programme	Internal	2 300 000		- 2 000 000	300 000	-	0.00%
		46 544 610	**155 138 264**	**-**	**201 682 874**	**35 394 326**	**17.55%**
		67 744 823	**163 119 548**	**- 0**	**230 864 371**	**40 843 764**	**17.69%**
Internally generated funds		33 062 910	9 077 626	- 202 730	41 937 806	11 417 299	27.22%
Transfers recognised - capital		34 681 913	154 041 922	202 730	188 926 565	29 426 465	15.58%
Total		**67 744 823**	**163 119 548**	**- 0**	**230 864 371**	**40 843 764**	**17.69%**

It is to be noted that capital expenditure as at 28 February 2019 amounted to 17,69%, compared to the adjusted capital budget of R 230,864,370.

The capital expenditure as at 28 February 2019 would have been amounted to 36.66%, upon exclusion of the Water Services Infrastructure Grant.



	Executive & Council	Finance	Corporate Services	Planning, Development and Tourism	Infrastructure and Engineering	Community Services
Adjusted Budget 2018/19	1 808 565	2 343 452	3 950 067	4 525 951	201 682 874	16 553 462
Actuals as at 28 February 2019	477 871	1 554 465	445 847	276 468	35 394 326	2 694 788

PROJECTED CASH FLOW STATEMENT FOR THE 2018/19 FINANCIAL YEAR

Projected Cash Flow Statement as at 28 February 2019

The purpose of the cash flow statement is to compare the cash inflows (receipts) with the cash outflows (payments), so as to ascertain the adequacy of the cash inflows to cover the cash outflows.

Table C7 Monthly Budget Statement – Cash Flow – M08 February 2019

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		–	164 393	–	11 887	132 342	95 896	36 446	38%	164 393
Service charges		–	372 090	–	30 261	277 179	217 052	60 127	28%	372 090
Other revenue		–	30 689	–	10 289	43 207	17 902	25 305	141%	30 689
Government - operating		–	123 618	–	921	129 532	72 111	57 422	80%	123 618
Government - capital		–	39 827	–	4 218	32 840	23 232	9 608	41%	39 827
Interest		–	21 498	–	1 701	11 598	12 540	(942)	-8%	21 498
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		–	(674 270)	–	(18 255)	(456 486)	(393 324)	63 161	-16%	(674 270)
Finance charges		–	(3 021)	–	(225)	(1 958)	(1 762)	196	-11%	(3 021)
Transfers and Grants		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**–**	**74 823**	**–**	**40 798**	**168 255**	**43 647**	**(124 608)**	**-285%**	**74 823**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–		–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		–	(67 745)	–	(46 970)	(84 881)	(39 518)	45 363	-115%	(67 745)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**–**	**(67 745)**	**–**	**(46 970)**	**(84 881)**	**(39 518)**	**45 363**	**-115%**	**(67 745)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	(13 247)	–	(625)	(4 842)	(7 727)	(2 886)	37%	(13 247)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**(13 247)**	**–**	**(625)**	**(4 842)**	**(7 727)**	**(2 886)**	**37%**	**(13 247)**
NET INCREASE/ (DECREASE) IN CASH HELD		**–**	**(6 169)**	**–**	**(6 798)**	**78 532**	**(3 598)**			**(6 169)**
Cash/cash equivalents at beginning:		–	59 729	–		94 315	59 729			94 315
Cash/cash equivalents at month/year end:		–	53 561	–		172 847	56 131			88 146

MUNICIPAL MONTHLY BUDGET TABLES

1. MONTHLY BUDGET TABLES

The seven main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section of the report. These tables set out the Municipality's 2018/19 budget performance for the period July 2018 to February 2019 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M08 February 2019

Description	2017/18	Budget Year 2018/19							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	–	176 766	–	10 281	142 755	117 844	24 911	21%	176 766
Service charges	–	400 096	–	35 637	284 592	266 731	17 861	7%	400 096
Investment revenue	–	7 561	–	832	6 097	5 041	1 057	21%	7 561
Transfers and subsidies	–	123 618	–	1 320	90 971	82 412	8 558	10%	123 618
Other own revenue	–	45 675	–	3 481	31 701	30 450	1 251	4%	45 675
Total Revenue (excluding capital transfers and contributions)	**–**	**753 717**	**–**	**51 551**	**556 116**	**502 478**	**53 638**	**11%**	**753 717**
Employee costs	–	272 802	–	21 427	181 823	181 868	(45)	-0%	272 802
Remuneration of Councillors	–	12 784	–	1 018	8 076	8 523	(447)	-5%	12 784
Depreciation & asset impairment	–	75 357	–	6 127	49 036	50 238	(1 202)	-2%	75 357
Finance charges	–	3 021	–	225	4 270	2 014	2 256	112%	3 021
Materials and bulk purchases	–	269 933	–	6 003	165 636	179 956	(14 320)	-8%	269 933
Transfers and subsidies	–	–	–	–	–	–	–		–
Other expenditure	–	162 887	–	10 018	78 014	108 591	(30 578)	-28%	162 887
Total Expenditure	**–**	**796 785**	**–**	**44 818**	**486 855**	**531 190**	**(44 335)**	**-8%**	**796 785**
Surplus/(Deficit)	**–**	**(43 068)**	**–**	**6 732**	**69 261**	**(28 712)**	**97 973**	**-341%**	**(43 068)**
Transfers and subsidies - capital (monetary alloc	–	39 827	–	8 718	26 051	26 551	(500)	-2%	39 827
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**–**	**(3 241)**	**–**	**15 450**	**95 313**	**(2 161)**	**97 473**	**-4511%**	**(3 241)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**–**	**(3 241)**	**–**	**15 450**	**95 313**	**(2 161)**	**97 473**	**-4511%**	**(3 241)**
Capital expenditure & funds sources									
Capital expenditure	**–**	**67 745**	**–**	**#VALUE!**	**40 844**	**45 163**	**(4 319)**	**-10%**	**67 745**
Capital transfers recognised	–	34 682	–	4 335	29 426	23 121	6 305	27%	34 682
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	–	33 063	–	3 542	11 417	22 042	(10 625)	-48%	33 063
Total sources of capital funds	**–**	**67 745**	**–**	**7 878**	**40 844**	**45 163**	**(4 319)**	**-10%**	**67 745**
Financial position									
Total current assets	–	131 820	–		241 022				131 820
Total non current assets	–	2 442 954	–		2 266 533				2 442 954
Total current liabilities	–	133 877	–		154 651				133 877
Total non current liabilities	–	183 244	–		185 581				183 244
Community wealth/Equity	**–**	**2 257 653**	**–**		**2 167 322**				**2 257 653**
Cash flows									
Net cash from (used) operating	–	74 823	–	40 798	168 255	43 647	(124 608)	-285%	74 823
Net cash from (used) investing	–	(67 745)	–	(46 970)	(84 881)	(39 518)	45 363	-115%	(67 745)
Net cash from (used) financing	–	(13 247)	–	(625)	(4 842)	(7 727)	(2 886)	37%	(13 247)
Cash/cash equivalents at the month/year end	**–**	**53 561**	**–**	**–**	**172 847**	**56 131**	**(116 716)**	**-208%**	**88 146**
Debtors & creditors analysis	**0-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-150 Dys**	**151-180 Dys**	**181 Dys-1 Yr**	**Over 1Yr**	**Total**
Debtors Age Analysis									
Total By Income Source	32 174	6 585	5 312	4 750	4 944	4 071	28 865	94 199	180 899
Creditors Age Analysis									
Total Creditors	11 479	477	411	410	431	851	2 604	53 476	70 138

Explanatory notes to Table C 1 – Monthly Budget Summary

The aim of the Budget Summary is to provide a concise overview of the actual budget performance from all of the major financial perspective (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the actual amounts spent compared to the monthly budget projections within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance.

Table C2 Monthly Budget Statement – Financial Performance (standard classification) – M08 February 2019

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		–	**314 268**	–	**11 520**	**241 960**	**209 512**	32 449	15%	**314 268**
Executive and council		–	26	–	2	6	17	(12)	-68%	26
Finance and administration		–	314 242	–	11 519	241 955	209 495	32 460	15%	314 242
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		–	**15 404**	–	**816**	**9 226**	**10 270**	(1 044)	-10%	**15 404**
Community and social services		–	2 458	–	25	1 999	1 638	360	22%	2 458
Sport and recreation		–	9 151	–	166	4 375	6 100	(1 725)	-28%	9 151
Public safety		–	1 869	–	1	862	1 246	(384)	-31%	1 869
Housing		–	–	–	–	–	–	–		–
Health		–	1 927	–	624	1 990	1 285	705	55%	1 927
Economic and environmental services		–	**17 367**	–	**3 556**	**17 460**	**11 578**	5 882	51%	**17 367**
Planning and development		–	6 312	–	567	3 446	4 208	(763)	-18%	6 312
Road transport		–	10 005	–	2 036	13 122	6 670	6 453	97%	10 005
Environmental protection		–	1 050	–	953	892	700	192	27%	1 050
Trading services		–	**446 060**	–	**44 377**	**313 514**	**297 373**	16 141	5%	**446 060**
Energy sources		–	258 381	–	20 961	169 058	172 254	(3 196)	-2%	258 381
Water management		–	70 200	–	14 289	61 079	46 800	14 279	31%	70 200
Waste water management		–	72 456	–	5 744	46 591	48 304	(1 713)	-4%	72 456
Waste management		–	45 023	–	3 383	36 787	30 015	6 771	23%	45 023
Other	4	–	**445**	–	–	**7**	**297**	**(290)**	**-98%**	**445**
Total Revenue - Functional	2	–	**793 544**	–	**60 269**	**582 167**	**529 029**	**53 138**	**10%**	**793 544**
Expenditure - Functional										
Governance and administration		–	**189 348**	–	**12 359**	**109 477**	**126 232**	(16 755)	-13%	**189 348**
Executive and council		–	52 250	–	2 581	24 412	34 834	(10 421)	-30%	52 250
Finance and administration		–	137 097	–	9 778	85 064	91 398	(6 334)	-7%	137 097
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		–	**86 538**	–	**6 877**	**52 494**	**57 692**	(5 198)	-9%	**86 538**
Community and social services		–	9 483	–	776	6 053	6 322	(268)	-4%	9 483
Sport and recreation		–	46 668	–	3 735	28 288	31 112	(2 824)	-9%	46 668
Public safety		–	21 090	–	1 725	13 594	14 060	(465)	-3%	21 090
Housing		–	3 531	–	199	1 737	2 354	(617)	-26%	3 531
Health		–	5 767	–	442	2 821	3 844	(1 024)	-27%	5 767
Economic and environmental services		–	**101 757**	–	**7 943**	**63 034**	**67 838**	(4 804)	-7%	**101 757**
Planning and development		–	33 954	–	2 233	19 164	22 636	(3 472)	-15%	33 954
Road transport		–	67 770	–	5 604	43 255	45 180	(1 925)	-4%	67 770
Environmental protection		–	33	–	105	615	22	594	2734%	33
Trading services		–	**415 110**	–	**17 545**	**261 139**	**276 740**	(15 601)	-6%	**415 110**
Energy sources		–	248 404	–	2 866	149 957	165 603	(15 645)	-9%	248 404
Water management		–	80 154	–	7 365	50 501	53 436	(2 935)	-5%	80 154
Waste water management		–	41 745	–	4 068	32 736	27 830	4 906	18%	41 745
Waste management		–	44 808	–	3 246	27 945	29 872	(1 927)	-6%	44 808
Other		–	**4 032**	–	**95**	**710**	**2 688**	**(1 978)**	**-74%**	**4 032**
Total Expenditure - Functional	3	–	**796 785**	–	**44 818**	**486 855**	**531 190**	**(44 335)**	**-8%**	**796 785**
Surplus/ (Deficit) for the year		–	**(3 241)**	–	**15 450**	**95 313**	**(2 161)**	**97 473**	**-4511%**	**(3 241)**

Explanatory notes to Table C2 – Budgeted Financial Performance (revenue and expenditure by standard classification)

The standard classification refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities report their operations in one common format, to facilitate comparison across all municipalities.

Table C3 Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote – M08 February 2019

Vote Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Revenue by Vote								
Vote 1 - EXECUTIVE COUNCIL	–	–	–	–	–	–		–
Vote 2 - FINANCIAL SERVICES	310 697	–	11 511	236 835	207 132	29 703	14,3%	310 697
Vote 3 - CORPORATE SERVICES	26	–	2	1 009	17	992	5788,5%	26
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	3 316	–	275	2 134	2 210	(76)	-3,4%	3 316
Vote 5 - INFRASTRUCTURE AND ENGINEERING	405 491	–	41 341	279 408	270 327	9 081	3,4%	405 491
Vote 6 - COMMUNITY SERVICES	17 634	–	2 465	18 587	11 756	6 831	58,1%	17 634
Vote 7 - COMMUNITY SERVICES (CONTINUED)	56 380	–	4 675	44 194	37 587	6 607	17,6%	56 380
Total Revenue by Vote	**793 544**	**–**	**60 269**	**582 167**	**529 029**	**53 138**	**10,0%**	**793 544**
Expenditure by Vote								
Vote 1 - EXECUTIVE COUNCIL	33 404	–	2 088	20 578	22 270	(1 691)	-7,6%	33 404
Vote 2 - FINANCIAL SERVICES	79 397	–	3 939	40 507	52 932	(12 425)	-23,5%	79 397
Vote 3 - CORPORATE SERVICES	49 336	–	3 677	27 169	32 891	(5 722)	-17,4%	49 336
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	22 307	–	1 197	10 708	14 872	(4 163)	-28,0%	22 307
Vote 5 - INFRASTRUCTURE AND ENGINEERING	455 521	–	21 093	285 862	303 680	(17 818)	-5,9%	455 521
Vote 6 - COMMUNITY SERVICES	51 470	–	4 181	32 575	34 313	(1 738)	-5,1%	51 470
Vote 7 - COMMUNITY SERVICES (CONTINUED)	105 349	–	8 643	69 455	70 233	(778)	-1,1%	105 349
Total Expenditure by Vote	**796 785**	**–**	**44 818**	**486 855**	**531 190**	**(44 335)**	**-8,3%**	**796 785**
Surplus/ (Deficit) for the year	**(3 241)**	**–**	**15 450**	**95 313**	**(2 161)**	**97 473**	**-4511,1%**	**(3 241)**

Explanatory notes to Table C3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

The purpose of the format in which the monthly budget reporting table is represented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Directors concerned.

Operating revenue and expenditure is thus presented by "vote". A "vote" is defined as one of the main segment into which a budget of a municipality is divided into, for the appropriation of funds.

Table C4 Monthly Budget Statement – Financial Performance (revenue and expenditure) – M08 February 2019

Description	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Revenue By Source									
Property rates	–	176 766	–	10 281	142 755	117 844	24 911	21%	176 766
Service charges - electricity revenue	–	247 165	–	20 649	167 672	164 777	2 896	2%	247 165
Service charges - water revenue	–	67 702	–	7 048	50 831	45 135	5 697	13%	67 702
Service charges - sanitation revenue	–	41 658	–	3 857	30 715	27 772	2 943	11%	41 658
Service charges - refuse revenue	–	43 571	–	4 084	35 373	29 048	6 325	22%	43 571
Service charges - other	–	–	–	–	–	–	–		–
Rental of facilities and equipment	–	1 881	–	40	346	1 254	(908)	-72%	1 881
Interest earned - external investments	–	7 561	–	832	6 097	5 041	1 057	21%	7 561
Interest earned - outstanding debtors	–	14 986	–	833	5 042	9 991	(4 948)	-50%	14 986
Dividends received	–	–	–	–	–	–	–		–
Fines, penalties and forfeits	–	4 230	–	334	4 110	2 820	1 290	46%	4 230
Licences and permits	–	16 661	–	1 766	15 723	11 108	4 615	42%	16 661
Agency services	–	–	–	–	–	–	–		–
Transfers and subsidies	–	123 618	–	1 320	90 971	82 412	8 558	10%	123 618
Other revenue	–	7 917	–	509	6 481	5 278	1 203	23%	7 917
Gains on disposal of PPE	–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)	–	**753 717**	–	**51 551**	**556 116**	**502 478**	**53 638**	**11%**	**753 717**
Expenditure By Type									
Employee related costs	–	272 802	–	21 427	181 823	181 868	(45)	0%	272 802
Remuneration of councillors	–	12 784	–	1 018	8 076	8 523	(447)	-5%	12 784
Debt impairment	–	41 429	–	–	–	27 620	(27 620)	-100%	41 429
Depreciation & asset impairment	–	75 357	–	6 127	49 036	50 238	(1 202)	-2%	75 357
Finance charges	–	3 021	–	225	4 270	2 014	2 256	112%	3 021
Bulk purchases	–	241 476	–	4 362	148 568	160 984	(12 415)	-8%	241 476
Other materials	–	28 458	–	1 640	17 068	18 972	(1 904)	-10%	28 458
Contracted services	–	45 111	–	3 982	26 405	30 074	(3 669)	-12%	45 111
Transfers and subsidies	–	–	–	–	–	–	–		–
Other expenditure	–	76 346	–	6 036	51 609	50 898	711	1%	76 346
Loss on disposal of PPE	–	–	–	–	–	–	–		–
Total Expenditure	–	**796 785**	–	**44 818**	**486 855**	**531 190**	**(44 335)**	**-8%**	**796 785**
Surplus/(Deficit)	–	**(43 068)**	–	**6 732**	**69 261**	**(28 712)**	**97 973**	**(0)**	**(43 068)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		39 827	–	8 718	26 051	26 551	(500)	**(0)**	39 827
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	–	–	–	–	–	–	–		–
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	–	**(3 241)**	–	**15 450**	**95 313**	**(2 161)**			**(3 241)**
Taxation	–	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation	–	**(3 241)**	–	**15 450**	**95 313**	**(2 161)**			**(3 241)**
Attributable to minorities	–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality	–	**(3 241)**	–	**15 450**	**95 313**	**(2 161)**			**(3 241)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–			–
Surplus/ (Deficit) for the year	–	**(3 241)**	–	**15 450**	**95 313**	**(2 161)**			**(3 241)**

Explanatory notes to Table C4 – Budgeted Financial Performance (revenue and expenditure)

The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the monthly results, the monthly budget-to-date projections and the original budget, so as to assess performance

Table C5 Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding) – M08 February 2019

Vote Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Single Year expenditure appropriation								
Vote 1 - EXECUTIVE COUNCIL	860	–	69	413	573	(160)	-28%	860
Vote 2 - FINANCIAL SERVICES	1 507	–	782	1 554	1 005	550	55%	1 507
Vote 3 - CORPORATE SERVICES	2 309	–	245	433	1 539	(1 106)	-72%	2 309
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 211	–	13	276	2 807	(2 531)	-90%	4 211
Vote 5 - INFRASTRUCTURE AND ENGINEERING	46 545	–	6 707	35 394	31 030	4 365	14%	46 545
Vote 6 - COMMUNITY SERVICES	1 644	–	2	1 785	1 096	689	63%	1 644
Vote 7 - COMMUNITY SERVICES (CONTINUED)	10 669	–	61	987	7 113	(6 126)	-86%	10 669
Total Capital single-year expenditure	67 745	–	7 878	40 844	45 163	**(4 319)**	**-10%**	67 745
Total Capital Expenditure	**67 745**	**–**	**7 878**	**40 844**	**45 163**	**(4 319)**	**-10%**	**67 745**
Capital Expenditure - Functional Classification								
Governance and administration	**5 346**	**–**	**1 017**	**2 413**	**3 564**	(1 151)	-32%	**5 346**
Executive and council	985		8	413	657	(244)	-37%	985
Finance and administration	4 361		1 009	2 000	2 907	(907)	-31%	4 361
Internal audit	–		–	–	–	–		–
Community and public safety	**7 368**	**–**	**134**	**2 733**	**4 912**	(2 179)	-44%	**7 368**
Community and social services	679		97	239	453	(214)	-47%	679
Sport and recreation	5 489		(38)	52	3 660	(3 608)	-99%	5 489
Public safety	200		74	2 443	133	2 309	1732%	200
Housing	1 000		–		667	(667)	-100%	1 000
Health	–		–		–	–		–
Economic and environmental services	**6 159**	**–**	**209**	**743**	**4 106**	(3 363)	-82%	**6 159**
Planning and development	3 509		(34)	329	2 339	(2 010)	-86%	3 509
Road transport	2 650		272	414	1 767	(1 352)	-77%	2 650
Environmental protection	–		(28)	–	–	–		–
Trading services	**48 872**	**–**	**6 491**	**34 927**	**32 581**	2 346	7%	**48 872**
Energy sources	12 905		81	2 758	8 603	(5 845)	-68%	12 905
Water management	1 715		5 862	15 234	1 143	14 091	1232%	1 715
Waste water management	28 977		707	16 936	19 318	(2 383)	-12%	28 977
Waste management	5 275		(159)	–	3 517	(3 517)	-100%	5 275
Other	–		26	26	–	26	#DIV/0!	–
Total Capital Expenditure - Functional Classification	**67 745**	**–**	**7 878**	**40 844**	**45 163**	**(4 319)**	**-10%**	**67 745**

Explanatory notes to Table C5 – Budgeted Capital Expenditure by vote, standard classification and funding

Table C5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding necessary to fund the capital budget, including information on capital transfers from national and provincial departments

Table C6 Monthly Budget Statement – Financial Position – M08 February 2019

Description	Ref	2017/18	Budget Year 2018/19			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		–	5 356	–	42 910	5 356
Call investment deposits		–	48 205	–	129 937	48 205
Consumer debtors		–	42 559	–	42 270	42 559
Other debtors		–	31 184	–	19 236	31 184
Current portion of long-term receivables		–	3	–	3	3
Inventory		–	4 513	–	6 666	4 513
Total current assets		–	**131 820**	–	**241 022**	**131 820**
Non current assets						
Long-term receivables		–	65	–		65
Investments		–		–		–
Investment property		–	285 199	–	283 612	285 199
Investments in Associate		–		–		–
Property, plant and equipment		–	2 157 628	–	1 982 603	2 157 628
Agricultural		–		–		–
Biological assets		–		–		–
Intangible assets		–	62	–	302	62
Other non-current assets		–		–	16	–
Total non current assets		–	**2 442 954**	–	**2 266 533**	**2 442 954**
TOTAL ASSETS		–	**2 574 775**	–	**2 507 555**	**2 574 775**
LIABILITIES						
Current liabilities						
Bank overdraft		–		–	–	–
Borrowing		–	13 247	–	8 944	13 247
Consumer deposits		–	10 479	–	15 241	10 479
Trade and other payables		–	87 054	–	105 962	87 054
Provisions		–	23 097	–	24 505	23 097
Total current liabilities		–	**133 877**	–	**154 651**	**133 877**
Non current liabilities						
Borrowing		–	23 112	–	23 600	23 112
Provisions		–	160 132	–	161 981	160 132
Total non current liabilities		–	**183 244**	–	**185 581**	**183 244**
TOTAL LIABILITIES		–	**317 122**	–	**340 233**	**317 122**
NET ASSETS	2	–	**2 257 653**	–	**2 167 322**	**2 257 653**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		–	2 257 653	–	2 167 322	2 257 653
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	**2 257 653**	–	**2 167 322**	**2 257 653**

Explanatory notes to Table C6 – Budgeted Financial Position

i. The table represents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.

ii. Any movement on the Budgeted Financial Performance or the Capital Budget will invariably impact on the Budgeted Financial Position.
For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end.
Similarly, the collection rate assumption informs the budget provision for bad debts. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as compliance assessment is directly informed by forecasting the statement of financial position.

Table C7 Monthly Budget Statement – Cash Flow – M08 February 2019

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		–	164 393	–	11 887	132 342	95 896	36 446	38%	164 393
Service charges		–	372 090	–	30 261	277 179	217 052	60 127	28%	372 090
Other revenue		–	30 689	–	10 289	43 207	17 902	25 305	141%	30 689
Government - operating		–	123 618	–	921	129 532	72 111	57 422	80%	123 618
Government - capital		–	39 827	–	4 218	32 840	23 232	9 608	41%	39 827
Interest		–	21 498	–	1 701	11 598	12 540	(942)	-8%	21 498
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		–	(674 270)	–	(18 255)	(456 486)	(393 324)	63 161	-16%	(674 270)
Finance charges		–	(3 021)	–	(225)	(1 958)	(1 762)	196	-11%	(3 021)
Transfers and Grants		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**–**	**74 823**	**–**	**40 798**	**168 255**	**43 647**	**(124 608)**	**-285%**	**74 823**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–		–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		–	(67 745)	–	(46 970)	(84 881)	(39 518)	45 363	-115%	(67 745)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**–**	**(67 745)**	**–**	**(46 970)**	**(84 881)**	**(39 518)**	**45 363**	**-115%**	**(67 745)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	(13 247)	–	(625)	(4 842)	(7 727)	(2 886)	37%	(13 247)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**(13 247)**	**–**	**(625)**	**(4 842)**	**(7 727)**	**(2 886)**	**37%**	**(13 247)**
NET INCREASE/ (DECREASE) IN CASH HELD		**–**	**(6 169)**	**–**	**(6 798)**	**78 532**	**(3 598)**			**(6 169)**
Cash/cash equivalents at beginning:		–	59 729	–		94 315	59 729			94 315
Cash/cash equivalents at month/year end:		–	53 561	–		172 847	56 131			88 146

Explanatory notes to Table C7 – Budgeted Cash Flow Statement

i. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.

ii. It reflects the expected cash inflows versus outflows that are likely to result from the implementation of the budget.

ANALYSIS OF THE MUNICIPALITY'S STATEMENT OF FINANCIAL POSITION

In this section the Municipality's Debtors, Creditors and Investments will be analysed. These components have a significant impact on the Municipality's financial position.

1. Overview of outstanding Consumer Debtors (Inclusive of VAT)

Below is an analysis of the outstanding consumer debtors as at 30 June 2018, compared to the position as at 28 February 2019.

Debtors' Age Analysis (Inclusive of VAT) as at 30 June 2018

Description	Budget Year 2017/18								
R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	7 819	2 073	1 457	1 222	824	594	3 847	19 415	37 251
Trade and Other Receivables from Exchange Transactions - Electricity	14 563	1 349	602	402	331	226	1 908	6 001	25 382
Receivables from Non-exchange Transactions - Property Rates	8 069	700	494	394	318	297	6 758	16 539	33 569
Receivables from Exchange Transactions - Waste Water Management	4 267	897	631	483	380	258	1 714	8 652	17 282
Receivables from Exchange Transactions - Waste Management	4 202	1 023	842	600	356	335	1 778	11 769	20 905
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	1	1
Interest on Arrear Debtor Accounts	68	87	97	101	88	84	915	17 487	18 928
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(12 022)	608	306	257	267	159	2 034	7 106	(1 286)
Total By Income Source	**26 966**	**6 737**	**4 429**	**3 459**	**2 565**	**1 953**	**18 953**	**86 967**	**152 031**
									–
Debtors Age Analysis By Customer Group									
Organs of State	567	230	31	31	28	27	1 204	1 578	3 696
Commercial	6 132	385	256	238	282	115	983	2 878	11 269
Households	20 268	6 122	4 142	3 190	2 256	1 812	16 766	82 512	137 067
Other	–	–	–	–	–	–	–	–	–
Total By Customer Group	**26 966**	**6 737**	**4 429**	**3 459**	**2 565**	**1 953**	**18 953**	**86 967**	**152 031**

Debtors' Age Analysis (Inclusive of VAT) as at 28 February 2019

Description	Budget Year 2018/19								
R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	10 437	2 108	1 648	1 599	1 760	1 233	7 227	21 493	47 505
Trade and Other Receivables from Exchange Transactions - Electricity	18 457	1 020	729	572	503	352	2 195	5 596	29 425
Receivables from Non-exchange Transactions - Property Rates	7 915	652	504	384	330	451	8 121	17 785	36 143
Receivables from Exchange Transactions - Waste Water Management	4 998	993	822	735	757	617	3 103	9 308	21 333
Receivables from Exchange Transactions - Waste Management	4 208	1 158	1 061	983	966	910	3 932	12 841	26 061
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	1	1
Interest on Arrear Debtor Accounts	70	89	111	137	169	168	1 376	19 005	21 126
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(13 912)	566	437	340	459	339	2 910	8 169	(693)
Total By Income Source	**32 174**	**6 585**	**5 312**	**4 750**	**4 944**	**4 071**	**28 865**	**94 199**	**180 899**
Debtors Age Analysis By Customer Group									
Organs of State	870	375	383	334	340	166	2 399	1 891	6 758
Commercial	3 363	183	146	109	100	82	564	2 527	7 073
Households	27 941	6 027	4 784	4 307	4 504	3 822	25 902	89 781	167 068
Other	–	–	–	–	–	–	–	–	–
Total By Customer Group	**32 174**	**6 585**	**5 312**	**4 750**	**4 944**	**4 071**	**28 865**	**94 199**	**180 899**

The aforementioned analysis indicates that from 30 June 2018 to 28 February 2019, the overdue debts have increased from R 125,064 million to R 148,725 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	**30-Jun-18**	**28-Feb-19**	**Difference**
Trade and Other Receivables from Exchange Transactions - Water	29 432	37 068	7 636
Trade and Other Receivables from Exchange Transactions - Electricity	10 819	10 967	149
Receivables from Non-exchange Transactions - Property Rates	25 500	28 227	2 728
Receivables from Exchange Transactions - Waste Water Management	13 015	16 335	3 320
Receivables from Exchange Transactions - Waste Management	16 704	21 852	5 148
Receivables from Exchange Transactions - Property Rental Debtors	1	1	–
Interest on Arrear Debtor Accounts	18 860	21 056	2 197
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	10 736	13 219	2 483
Total By Income Source	**125 064**	**148 725**	**23 661**
	–	–	–
Debtors Age Analysis By Customer Group	–	–	–
Organs of State	3 128	5 888	2 760
Commercial	5 137	3 710	(1 427)
Households	116 799	139 127	22 328
Other	–	–	–
Total By Customer Group	**125 064**	**148 725**	**23 661**

2. Overview of Creditors position

Below is an analysis of the status of the major creditors

Description	Budget Year 2018/19								
R thousands	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Creditors Age Analysis By Customer Type									
Bulk Electricity	301	–	–	–	–	–	–	–	**301**
Bulk Water	1 205	409	411	410	431	851	2 590	53 476	**59 782**
PAYE deductions	2 828								**2 828**
VAT (output less input)									**–**
Pensions / Retirement deductions	3 319								**3 319**
Loan repayments									**–**
Trade Creditors	3 826	68	–	–	–	–	14	–	**3 908**
Auditor General									**–**
Other									**–**
Total By Customer Type	**11 479**	**477**	**411**	**410**	**431**	**851**	**2 604**	**53 476**	**70 138**

The above amounts represent invoices still to be paid. The major creditors as at 28 February 2019 are as follows:

NMBM (Bulk water)	R 59,782 million
SARS-PAYE	R 2,828 million
Pension Deductions	R 3,319 million
Other Creditors	R 4,209 million
TOTAL	**R 70,138 million**

The PAYE deductions represent employee related costs for the month of February 2019, with the amounts in question being paid on 6 March 2019 to SARS.

The pension deductions represent employee related costs for the month of February 2019, with the amounts in question being paid on 4 March 2019.

The municipality received a significant bulk water account in May 2016. According to the Nelson Mandela Bay Municipality, the Kouga municipality was incorrectly billed from December 2012 to April 2016.

The Kouga municipality's bulk water account was accordingly adjusted to reflect the correct billing for the aforementioned period, based on the relevant meter readings.

3. Investment Portfolio

Below is an analysis of the Investment Portfolio as at 28 February 2019.

	Balance as at 30 June 2018	Invested	Interest	Withdrawals	Adjustments	Balance as at 28 February 2019
Standard Bank	18 653 721	-	809 748	-	-	19 463 468
ABSA	25 806 825	-	1 119 245	-	228	26 925 842
Nedbank	19 520 160	-	854 244	-	-	20 374 404
RMB	5 885 309	55 329 128	952 849	20 080 490	-	42 086 796
INVESTEC	20 188 841	-	897 464	-	-	21 086 305
Total	**90 054 856**	**55 329 128**	**4 633 550**	**-20 080 490**	**-228**	**129 936 816**
INVESTMENT	**Balance as at 30 June 2018**	**Invested**	**Interest**	**Withdrawals**	**Adjustments**	**Balance as at 28 February 2019**
General Account	85 725 571	24 884 645	4 112 121	-	228	114 722 108
Conditional Grants	1 359 363	30 444 483	436 888	17 033 045	-	15 207 689
Housing Funds	2 969 923	-	84 541	3 047 445	-	7 019
Total	**90 054 856**	**55 329 128**	**4 633 550**	**-20 080 490**	**-228**	**129 936 816**
Bank	4 259 847	38 650 041				42 909 888
Total	**94 314 704**	**93 979 169**	**4 633 550**	**-20 080 490**	**-228**	**172 846 704**

The increase in the investment portfolio since 30 June 2018 amounts to R 78,532,000. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 42,909,888
Short-term Investment Deposits	R 129,936,816
	R 172,846,704

Application of Cash

Unspent Conditional Grants	35,823,452
Internally Generated Funds	30,723,236
Outstanding Creditors Liability	70,138,241
	136,684,929

Reserves in excess of Commitments **R 36,161,775**

The cash backed reserves exceed the commitments at this stage by an amount of R 36,161,775. It should be noted that the excess of reserves over commitments as at 28 February 2019, is mainly due to an amount of R 37,717 million in respect of the Equitable Share allocation being received on 3 December 2018, but not yet fully spent.

These funds are already committed towards spending in the 2018/19 operating budget.

4. Allocation and Grants receipts and expenditure for the 2018/2019 financial year

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M08 February 2019

Description	Budget Year 2018/19						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands						%	
RECEIPTS:							
Operating Transfers and Grants							
National Government:	**117 493**	**303**	**125 760**	**78 329**	**47 431**	**60,6%**	**117 493**
Local Government Equitable Share	113 151	–	84 863	75 434	9 429	12,5%	113 151
Finance Management	1 770	–	1 770	1 180	590		1 770
MIG - Administration Fees	1 559	–	1 114	1 040	74		1 559
Water Services Operating Subsidy	–	–	37 000	–	37 000		–
EPWP Incentive	1 013	303	1 013	675	338	50,0%	1 013
Provincial Government:	**2 050**	**218**	**3 043**	**1 367**	**1 676**	**122,7%**	**2 050**
Housing	–	218	993	–	993	#DIV/0!	–
Sport and Recreation	2 050	–	2 050	1 367	683	50,0%	2 050
District Municipality:	**2 210**	**618**	**2 298**	**1 289**	1 009	78,3%	**2 210**
Local Economic Development	**445**	**–**	**445**	**260**	185	71,4%	**445**
Environmental Health Subsidy	1 765	618	1 853	1 030	824	80,0%	1 765
Other grant providers:	**1 865**	**–**	**983**	**1 243**	(260)	-21,0%	**1 865**
Fire Subsidy	**1 865**	**–**	**983**	**1 243**	(260)		**1 865**
Total Operating Transfers and Grants	**123 618**	**1 139**	**132 084**	**82 228**	**49 856**	**60,6%**	**123 618**
Capital Transfers and Grants							
National Government:	**132 327**	**4 000**	**68 357**	**88 218**	**(19 861)**	**-22,5%**	**132 327**
Municipal Infrastructure Grant (MIG)	29 627		21 157	19 751	1 405	7,1%	29 627
Water Infrastructure Grant	92 500		37 000	61 667	(24 667)		92 500
Intergrated National Electrification Programme	10 200	4 000	10 200	6 800	3 400	50,0%	10 200
Total Capital Transfers and Grants	**132 327**	**4 000**	**68 357**	**88 218**	**(19 861)**	**-22,5%**	**132 327**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	255 945	5 139	200 440	170 446	29 994	17,6%	255 945

Below is an analysis of the spending associated with the grants as at 28 February 2019:

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M08 February 2019

Description	Budget Year 2018/19						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands						%	
EXPENDITURE							
Operating expenditure of Transfers and Grants							
National Government:	**117 493**	**982**	**3 251**	**78 329**	**(75 078)**	**-95,9%**	**117 493**
Local Government Equitable Share	113 151			75 434	(75 434)	-100,0%	113 151
Finance Management	1 770	887	1 220	1 180	40	3,4%	1 770
MIG - Administration Fees	1 559	95	1 017	1 040	(22)	-2,1%	1 559
EPWP Incentive	1 013		1 013	675	338	50,0%	1 013
Provincial Government:	**2 050**	**–**	**–**	**1 367**	**(1 367)**	**-100,0%**	**2 050**
Sport and Recreation	2 050	–	–	1 367	(1 367)	-100,0%	2 050
District Municipality:	**2 210**	**–**	**–**	**1 473**	(1 473)	-100,0%	**2 210**
Local Economic Development	445	–	–	297	(297)	-100,0%	445
Environmental Health Subsidy	1 765			1 177	(1 177)	-100,0%	1 765
Other grant providers:	**1 865**	**–**	**–**	**1 243**	(1 243)	-100,0%	**1 865**
Fire Subsidy	1 865			1 243	(1 243)		1 865
Total operating expenditure of Transfers and Grants:	**123 618**	**982**	**3 251**	**82 412**	**(79 162)**	**-96,1%**	**123 618**
Capital expenditure of Transfers and Grants							
National Government:	**39 827**	**1 797**	**19 787**	**26 551**	**(6 764)**	**-25,5%**	**39 827**
Municipal Infrastructure Grant (MIG)	29 627	1 797	19 327	19 751	(424)	-2,1%	29 627
Intergrated National Electrification Programme	10 200		460	6 800	(6 340)	-93,2%	10 200
Total capital expenditure of Transfers and Grants	**39 827**	**1 797**	**19 787**	**26 551**	**(6 764)**	**-25,5%**	**39 827**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	**163 445**	**2 779**	**23 038**	**108 963**	**(85 926)**	**-78,9%**	**163 445**

Note: The equitable share allocation is utilised to fund indigent household's subsidies granted to qualifying households, with the remainder being used to support the Municipality's operations.

Grants received from National Government

DORA Operating Grants

Financial Management Grant (FMG)
The purpose of this grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

DORA Allocation:	R 1,770,000
Amount of Grant Received:	R 1,770,000
Expenditure to date:	R 1,220,288
Unspent as at 28 February 2019:	R 549,712

The spending of the grant amounted to 68,94%as at 28 February 2019, compared to the amount of the grant received.

Expanded Public Works Programme (EPWP)
The purpose of this grant is to provide Expanded Public Works Programme (EPWP) incentive funding to expand job creation efforts in specific focus areas, where labour intensive methods can be maximised.

DORA Allocation:	R 1,013,000
Amount of Grant Received:	R 1,013,000
Expenditure to date:	R 1,013,000
Overspent as at 28 February 2019:	R 0

The spending of the grant amounted to 100% as at 28 February 2019, compared to the amount of the grant received.

DORA Capital Grants

Municipal Infrastructure Grant (MIG)
The purpose of this grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs.

DORA Allocation:	R 31,186,000
Amount of Grant Received:	R 22,270,000
Expenditure to date:	R 20,344,242
Unspent as at 28 February 2019:	R 1,925,758

The spending of the grant amounted to 91,35% as at 28 February 2019, compared to the amount of the grant received.

Integrated National Electrification Programme (INEP)
The purpose of this grant is to implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure.

DORA Allocation:	R 10,200,000
Amount of Grant Received:	R 10,200,000
Expenditure to date:	R 460,140
Unspent as at 31 January 2019:	R 9,739,860

The spending of the grant amounted to 4,51% as at 28 February 2019, compared to the amount of the grant received.

Water Services Infrastructure Grant
The purpose of this grant is to implement the meter and internal leak audit, repairs of leaks and water meters, reticulation pipe replacement and reservoir level control.

DORA Allocation:	R 92,500,000
Amount of Grant Received:	R 37,000,000
Expenditure to date:	R 13,391,877
Unspent as at 31 January 2019:	R 23,608,123

The spending of the grant amounted to 36,19%as at 28 February 2019, compared to the amount of the grant received

5. Councillor and employee benefits

Below is an analysis of Councillor and employee benefits:

Table SC8 Monthly Budget Statement – Councillor and staff benefits – M08 February 2019

Summary of Employee and Councillor remuneration	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Councillors (Political Office Bearers plus Other)								
Basic Salaries and Wages	9 232		682	5 414	5 385	29	1%	9 232
Motor Vehicle Allowance	2 747		227	1 805	1 603	202	13%	2 747
Cellphone Allowance	805		108	857	469	388	83%	805
Sub Total - Councillors	**12 784**	**–**	**1 018**	**8 076**	**7 457**	**619**	**8%**	**12 784**
Senior Managers of the Municipality								
Basic Salaries and Wages	4 434	–	458	3 502	2 586	916	35%	4 434
Pension and UIF Contributions		–	1	6	–	6	#DIV/0!	
Motor Vehicle Allowance		–	58	438	–	438	#DIV/0!	
Cellphone Allowance		–	1	5	–	5	#DIV/0!	
Other benefits and allowances	2 956	–	3	28	1 724	(1 697)	-98%	2 956
Payments in lieu of leave		–	0	1	–	1	#DIV/0!	
Sub Total - Senior Managers of Municipality	**7 389**	**–**	**521**	**3 979**	**4 311**	**(332)**	**-8%**	**7 389**
Other Municipal Staff								
Basic Salaries and Wages	161 389		13 007	105 887	94 144	11 744	12%	161 389
Pension and UIF Contributions	27 035		2 272	18 310	15 770	2 539	16%	27 035
Medical Aid Contributions	16 559		1 258	9 532	9 659	(127)	-1%	16 559
Overtime	11 345		2 726	19 174	6 618	12 556	190%	11 345
Performance Bonus	16 117		–	–	9 401	(9 401)	-100%	16 117
Motor Vehicle Allowance	8 701		571	4 826	5 075	(249)	-5%	8 701
Cellphone Allowance			–	1	–	1	#DIV/0!	
Housing Allowances	2 516		55	707	1 468	(760)	-52%	2 516
Other benefits and allowances	20 864		681	17 743	12 171	5 572	46%	20 864
Payments in lieu of leave			291	1 003	–	1 003	#DIV/0!	
Long service awards	888		46	661	518	143	28%	888
Post-retirement benefit obligations			–	–	–	–		
Sub Total - Other Municipal Staff	**265 413**	**–**	**20 906**	**177 844**	**154 824**	**23 020**	**15%**	**265 413**
Total Parent Municipality	**285 586**	**–**	**22 445**	**189 899**	**166 592**	**23 307**	**14%**	**285 586**
TOTAL SALARY, ALLOWANCES & BENEFITS	**285 586**	**–**	**22 445**	**189 899**	**166 592**	**23 307**	**14%**	**285 586**
TOTAL MANAGERS AND STAFF	**272 802**	**–**	**21 427**	**181 823**	**159 135**	**22 688**	**14%**	**272 802**

6. Key performance indicators

The table below reflects the key performance indicators as per the 2017/18 Approved Budget and the associated performance to date.

Borrowing Management		**Actuals as at 30 June 2015**	**Actuals as at 30 June 2016**	**Actuals as at 30 June 2017**	**Actuals as at 30 June 2018**	**Approved Budget 2018/19**	**Actuals as at 31 January 2019**
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	4.50%	3.67%	2.51%	1.77%	2.04%	1%
Borrowed funding of "own" capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	0%	0%	0%	0%	0%
Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.05	0.04	0.03	0.02	0.02	0.01
Liquidity							
Current Ratio	Current assets / current liabilities	0.72	0.85	0.97	1.11	0.98	1,56
Liquidity Ratio	Monetary assets / current liabilities	0.22	0.40	0.47	0.52	0.40	1,12
Revenue Management							
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	98.91%	97.60%	95.81%	90.73%	94%	95,05%

Other indicators		Actuals as at 30 June 2015	Actuals as at 30 June 2016	Actuals as at 30 June 2017	Actuals as at 30 June 2018	Approved Budget 2018/19	Actuals as at 31 January 2019
Cost coverage	(Cash and cash equivalents - Unspent Conditional Grants - Overdraft) + Short term investment)/monthly fixed operational expenditure excluding (depreciation, amortisation, provision for bad debts, impairment and loss on disposal of assets)	0.82	1.60	1.62	1.72	0.95	3
Employee Costs	Employee Costs / Total Operating Expenditure	35.70%	35.62%	33.39%	32.99%	34.24%	37.35%
Capital Expenditure	Capital Expenditure / Capital Budget	241.30%	81.97%	72.92%	72.98%	95%	17,69%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	4.46%	4.61%	4.94%	3.79%	4.65%	4,50%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	1.06%	1.17%	1.65%	1.42%	1.72%	0,87%
Own Revenue Sources / Total Operating Revenue (Including operating grants)	Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)	69.55%	74.74%	78.69%	80.57%	83.60%	84,64%

The above table is discussed in details below.

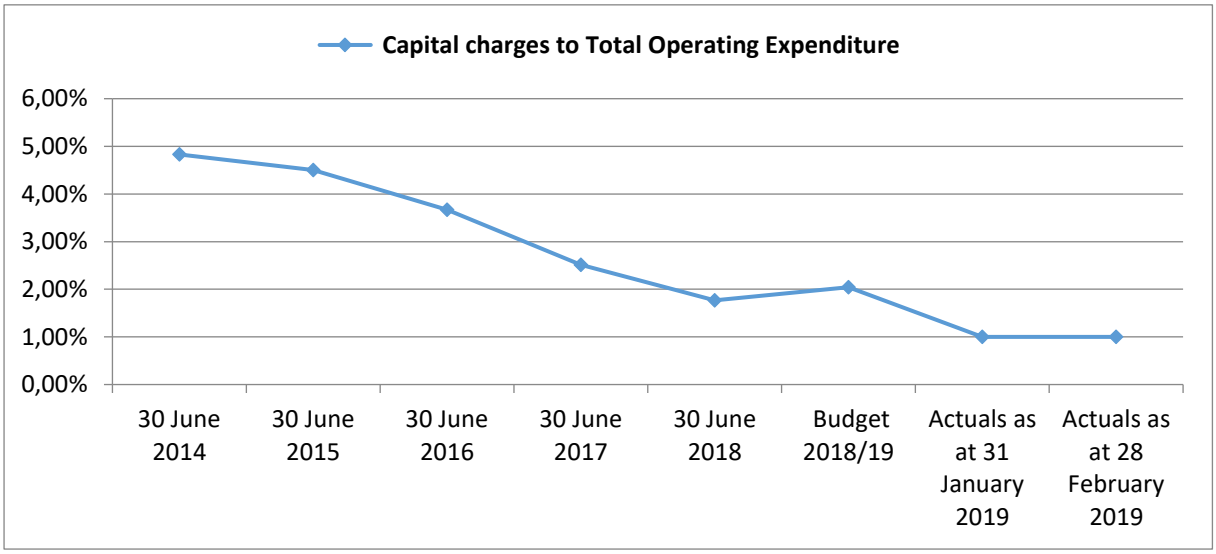
5.1. Borrowing Management

5.1.1. Capital charges to Operating Expenditure

The Ratio indicates the cost required to service the borrowing. It assesses the Borrowing or Payment obligation expressed as percentage of Total Operating Expenditure.

Capital charges/Total Operating Expenditure to date

The ratio indicates that 1% of the Total Operating Expenditure was utilised for capital charges as at 28 February 2019, compared to the budgeted ratio of 2.04%.



5.1.2. Borrowed funding of capital expenditure

This ratio indicates the proportion of borrowed funding to actual capital expenditure to date (excluding transfers and grants). The ratio also indicates the extent of capital expenditure being financed from borrowed funding compared to own and other funding sources, excluding transfers and grant funded expenditure.

The ratio is determined as follows:

Capital expenditure funded from Borrowings/Total Capital Expenditure to date (excluding transfers and grants)

The ratio is 0% as no capital expenditure was funded from borrowings, which is in line with the budgeted target as per the 2018/19 Operating Budget as no borrowing is planned for the 2018/19 to 2020/21 financial years.

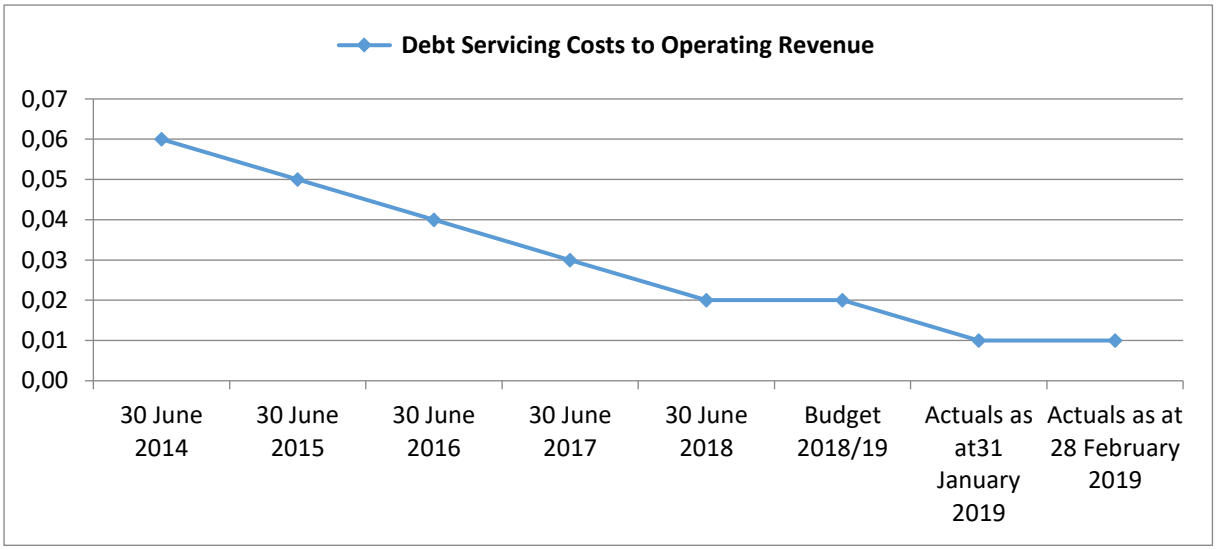
5.1.3. Debt Servicing Costs to Operating Revenue Ratio

This ratio indicates the proportion of debt servicing costs (interest and principal paid on borrowing) to actual operating revenue to date.

The ratio is determined as follows:

Debt Servicing Costs/Operating Revenue

As at 28 February 2019, the ratio was 0.01:1, compared to the budgeted ratio of 0.02:1.



5.2. Liquidity

5.2.1. Current ratio

The Ratio assesses the Municipality's ability to meet its Short-term Liabilities (Debt and Payables) with its Short-term Assets (Cash, Inventory, Receivables etc.).

The ratio is determined as follows:

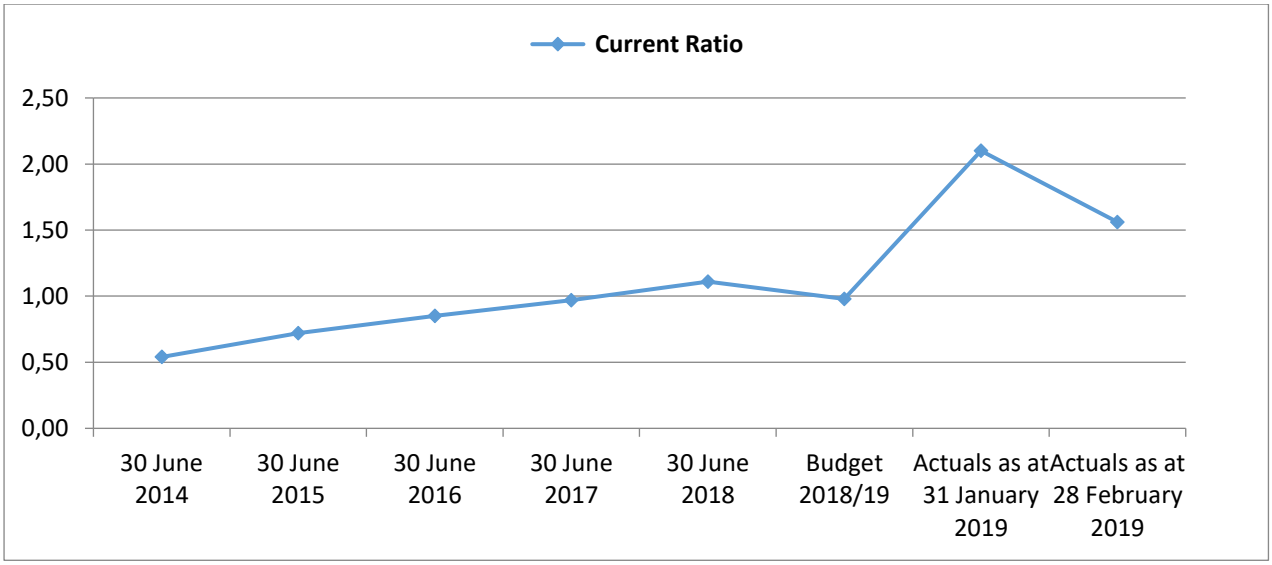
Current assets/Current liabilities

The ratio as at 28 February 2019 was 1.56:1, compared to the budgeted ratio of 0.98:1.

In terms of the MFMA Circular No. 71, the norm is 1.5:1 to 2:1

The higher the current Ratio, the stronger the Municipality's financial capacity to meet its current obligations.

A ratio of below 1:1 would suggest that the Municipality would be unable to meet all of its current obligations as and when they fall due.



5.2.2. Liquidity Ratio

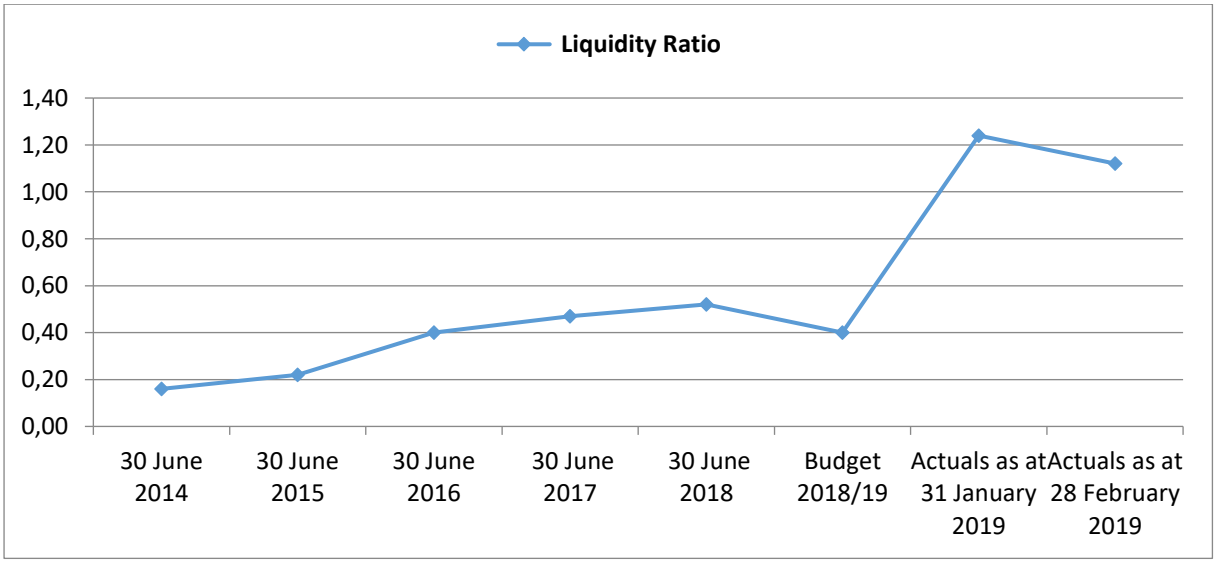
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

The ratio is determined as follows:

Monetary assets/Current liabilities

A favourable ratio would ensure that the Municipality is able to settle its short-term commitments from monetary assets. The liquidity ratio as at 28 February 2019 was 1.12:1, compared to the budgeted ratio of 0.40:1.

The liquidity ratio is of the utmost importance to measure the financial liquidity and sustainability of the municipality.



5.3. Revenue Management

5.3.1. Annual Debtors Collection Rate

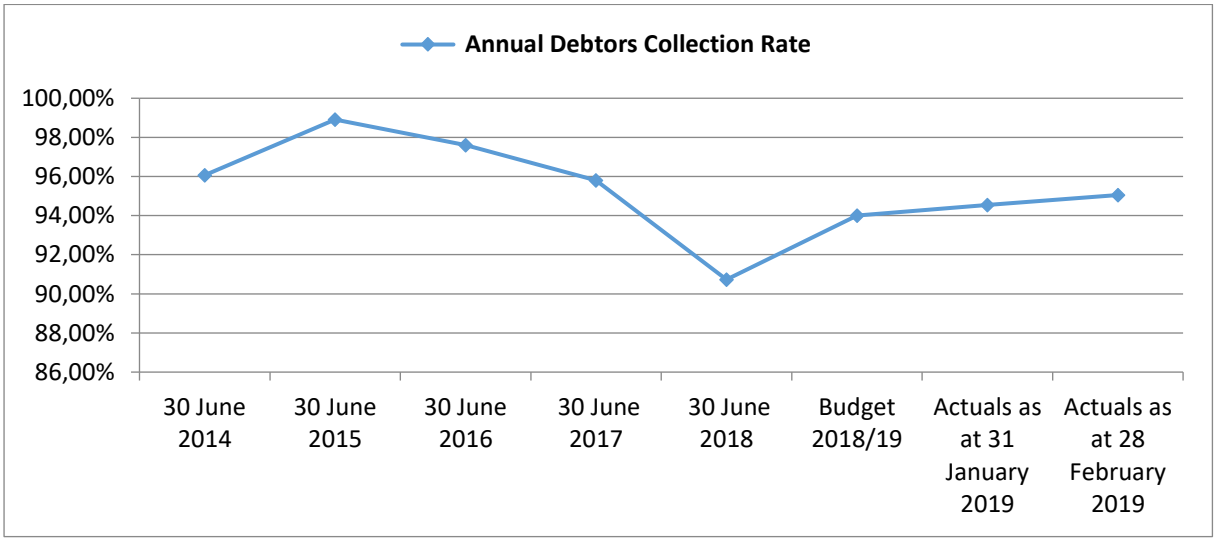
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

The ratio to determine the percentage collection rate is as follows:

Total Payments Received in Current month/Total Value of Accounts Rendered in the Previous Month X 100

Note: the reason for using the previous month's billing is due to the accounts only being payable the following month (i.e. account-holders are given one calendar month to pay their current accounts).

The average collection rate as at 28 February 2019 was 95,05%, compared to the budgeted collection rate of 94%. The collection rates have been calculated, based on the revenue receipted, compared to the revenue billed on a month – to - month basis.



5.4. Other indicators

5.4.1. Cost coverage

The Ratio indicates the Municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investments, without collecting any additional revenue, during that particular month.

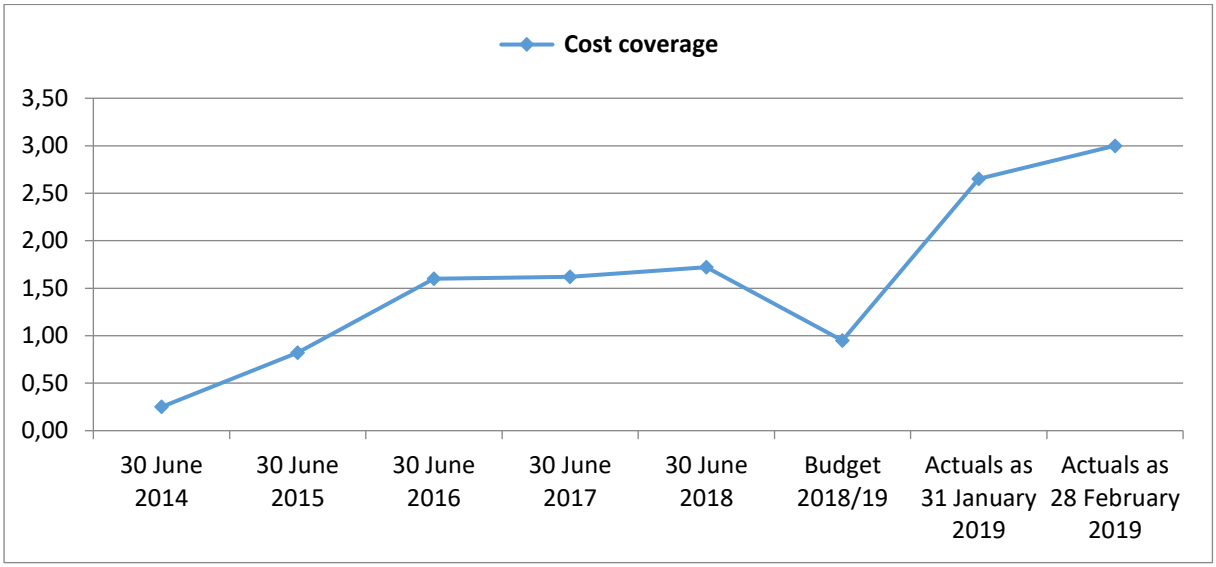
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

The ratio is determined as follows:

Cash and cash equivalents – unspent conditional grants – overdraft + short-term investments/ monthly fixed operational expenditure excluding (depreciation, amortisation, provisions for bad debts, impairment and loss on the disposal of assets)

As at 28 February 2019, the Ratio was 3 months, compared to the budgeted ratio of 0.95 months.

In terms of MFMA Circular No. 71, the norm is 1 month to 3 months



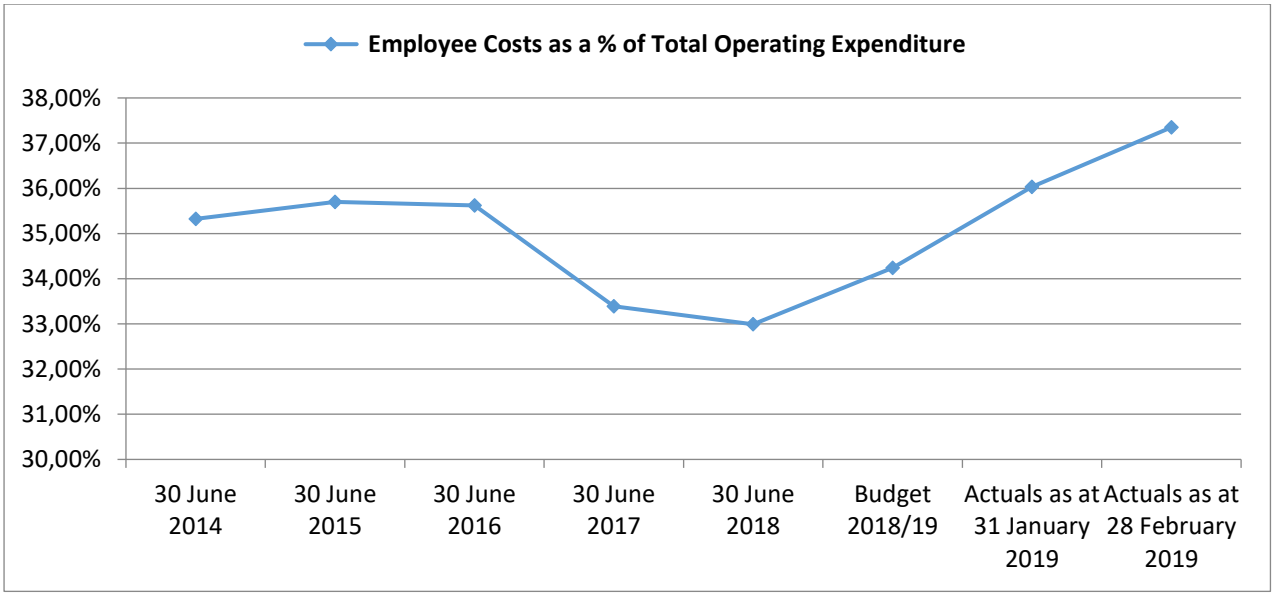
5.4.2. Employee costs as a % of Total Operating Expenditure

This ratio assesses the extent to which the Municipality's Total Operating Expenditure is consumed by costs associated with the employment of human resources.

The ratio is determined as follows:

Employee Costs to date/Total Operating Expenditure to Date

As at 28 February 2019, Employee Related Costs constituted 37.35% of the Total Operating Expenditure, compared to the budgeted ratio of 34.24%.



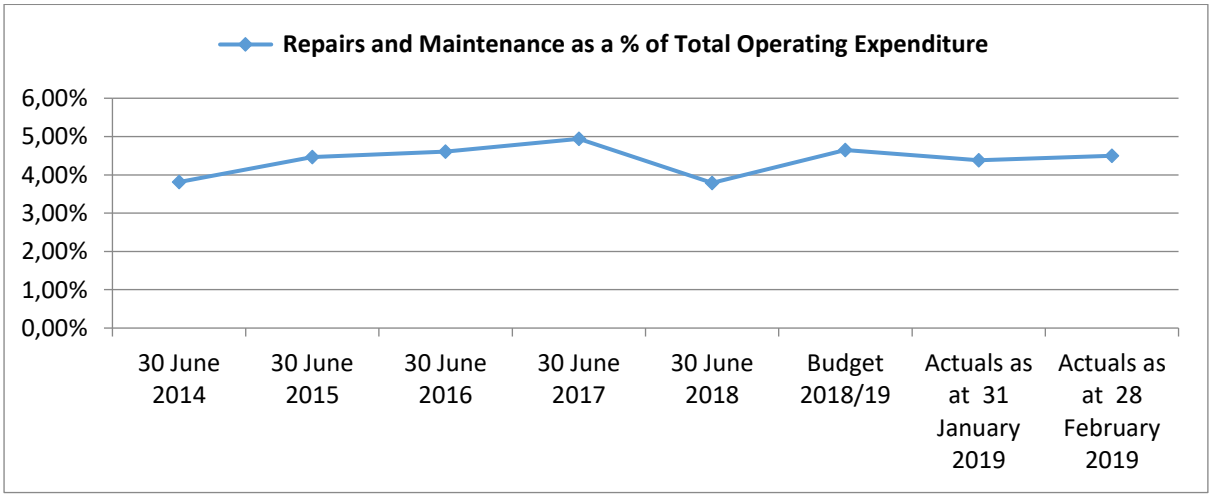
5.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

This ratio assesses the extent to which the Municipality's Total Operating Expenditure is consumed by costs associated with the repairs and maintenance of its assets.

The ratio is determined as follows:

Repairs and maintenance expenditure to date / Total Operating Expenditure to date

As at 28 February 2019, the ratio was 4,50%, compared to the budgeted ratio of 4.65%.



5.4.4. Repairs and Maintenance as a % of the book value of Property, Plant and Equipment (PPE)

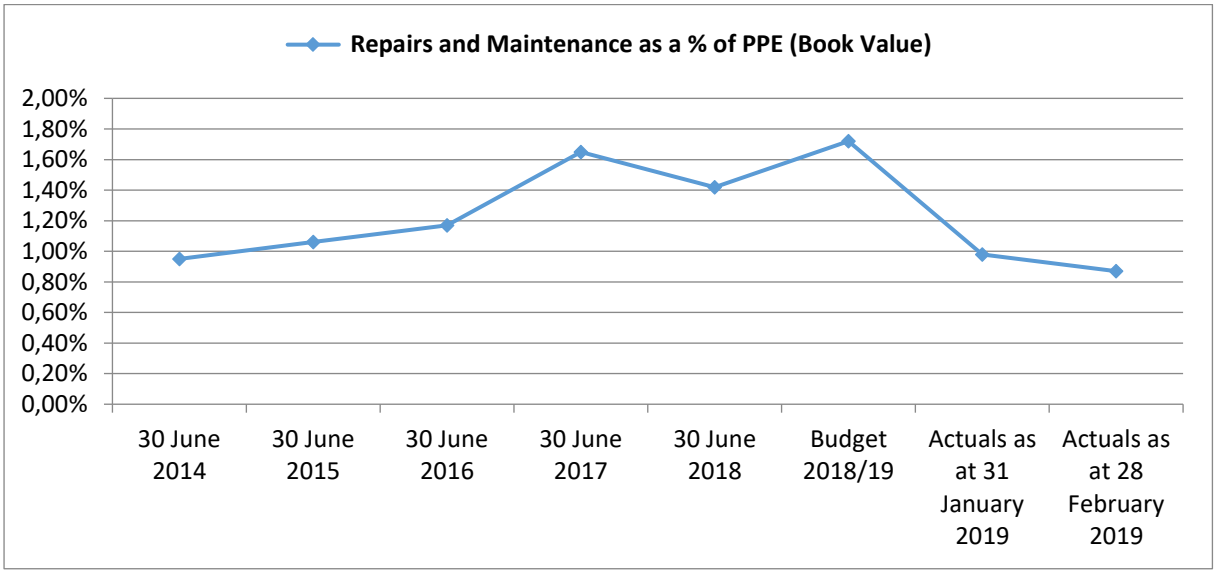
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

Repairs and maintenance expenditure to date / Book value of PPE to date

As at 28 February 2019, repairs and maintenance expenditure constituted 0,87% of the book value of PPE, compared to the budgeted ratio of 1.72%.

In terms of the MFMA Circular No.71, the norm is 8%.



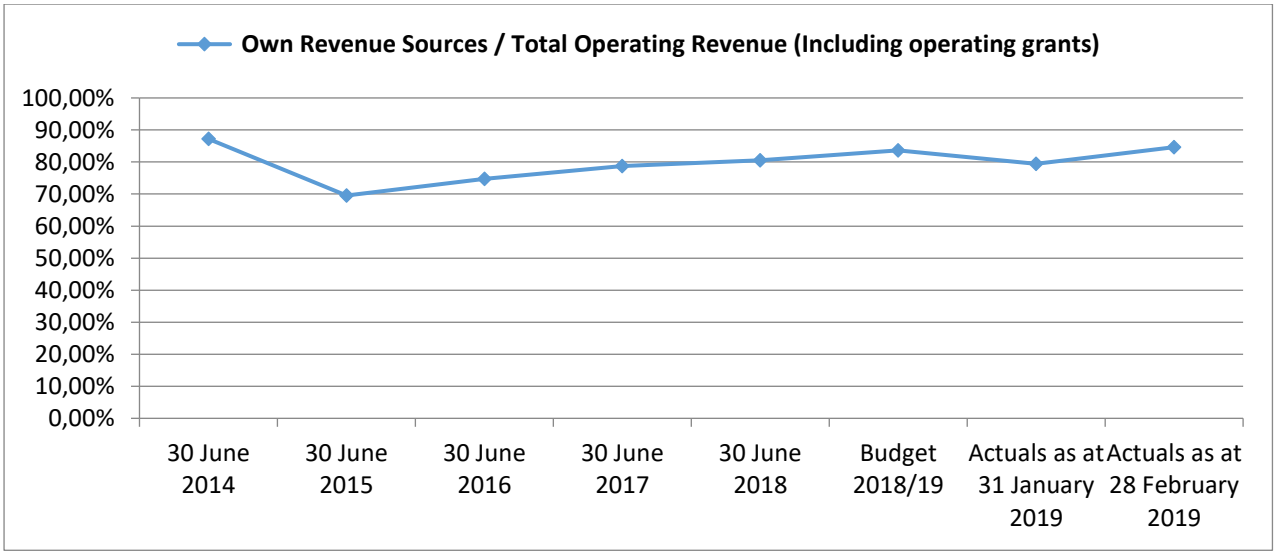
5.4.5. Own Revenue Generation

This ratio measures the extent to which the Municipality has control over its revenue sources, i.e. what percentage of its revenue is generated locally. The higher the ratio, the less reliant a Municipality is on Provincial and National Government to support its operations.

The ratio is determined as follows:

Own Revenue Sources / Total Operating Income (includes operating grants)

As at 28 February 2019, the Municipality's own revenue sources constituted 84.64% of its total Operating Income, compared to the budgeted ratio of 83.60%.



5.4.6. Capital Budget Spending

This ratio assesses the level of actual capital spending, compared to the budgeted capital expenditure.

The ratio is determined as follows:

Actual Capital spending / Approved Capital Budget

The actual spending as at the end of February 2019 amounted to 17.69% compared to the budgeted ratio of 95%.

